

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 /017 W  
----- 003796

R 230905Z APR 75  
FM AMCONSUL CALCUTTA  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 4597  
AMEMBASSY NEW DELHI

UNCLAS CALCUTTA 0921

FOR FOREIGN INVESTMENT SERVICES STAFF : BIC-287

E.O. 11652: N/A

TAGS : BEXP IN

SUBJECT : INVESTMENT OPPORTUNITY: DUNCAN BROTHERS &  
SO. LTD. OF CALCUTTA INTENDS TO MANUFACTURE SHOCK  
ABSORBERS WITH U.S. COLLABORATION

REF : CERP SECTION D 10 FAM 948

1. MR. P.K. GUPTA, EXECUTIVE DIRECTOR OF THE DUNCAN BROTHERS & CO. LTD., 31 NETAJI SUBHAS ROAD, CALCUTTA 700001, INDIA (CABLE: DUNCANS; TELEX: CA-7317 & CA-7791) HAS INFORMED THE CONSULATE GENERAL THAT THE FIRM HAS PROMOTED A NEW AUTO ANCILLARY UNIT, U.P. SHOCK ABSORBERS LTD. WHICH HAS RECEIVED A LETTER OF INTENT (PRELIMINARY OFFICIAL APPROVAL) TO MANUFACTURE SHOCK ABSORBERS WITH FOREIGN COLLABORATION. MR. GUPTA HAS FURTHER REQUESTED US TO ASSIST HIM IN LOCATING INTERESTED U.S. COLLABORATORS WHO MAY AGREE TO OFFER TECHNICAL KNOW-HOW.

2. FEATURES OF MANUFACTURING SCHEME: U.P. SCHOCK ABSORBERS LTD. (UPSAL) HAS PLANNED TO ESTABLISH ITS NEW FACTORY IN UTTAR PRADESH. THE NEW UNIT HAS BEEN OFFICIALLY PERMITTED TO INSTALL ANNUAL CAPACITY OF 500PPP PIECES OF SCHOCK ABSORBERS IN ANTICIPATION OF SHORT SUPPLY IN DOMESTIC MARKET. LATEST OFFICIAL FUGURES SHOW THAT THE AVERAGE ANNUAL PRODUCTION OF SHOCK ABSORBERS IN INDIA IS ABOUT 1.4 MILLION PIECES ALTHOUGH FOUR (TWO IN WESTERN INDIA, ONE EACH IN NORTHERN AND SOUTHERN  
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INDIA) HAVE LICENSED ANNUAL CAPACITY OF TWO MILLION PIECES. THE PROM

OTORS, HOWEVER, BELIEVE THAT THE NEW UNIT MAY BE ABLE TO EXPORT AND THE TOTAL TURNOVER IN BOTH DOMESTIC AND EXTERNAL MARKETS IS LIKELY TO BE FAIRLY LARGE. TOTAL CAPITAL INVESTMENT FOR THE NEW PROJECT IS, HOWEVER, SMALL; PRELIMINARY ESTIMATES SHOW THAT THE TOTAL COST OF THE NEW PROJECT MAY NOT EXCEED RS8.1 MILLION (ABOUT ONE MILLION DOLLARS) OF WHICH FOREIGN EXCHANGE COMPONENT IS ESTIMATED RS3.2 MILLION (\$400,000).

3. PROMOTER'S BACKGROUND: GOENKAS, WHO OWN DUNCAN BROTHERS, ARE ONE OF THE RESOURCEFUL MARWARI BUSINESS HOUSES IN CALCUTTA. GOENKAS HAVE RECENTLY RECEIVED SEVERAL LETTERS OF INTENT AND THEY ARE NEGOTIATING AT PRESENT WITH TWO U.S. FIRMS FOR A DIFFERENT PROJECT (CALCUTTA 2160 OF OCTOBER 10, 1974).

4. COMMENT AND ACTION REQUESTED: THE CONSULATE GENERAL HIGHLY RECOMMENDS THE REQUESTED INDO-US COLLABORATION PROPOSAL. COMMERCE IS REQUESTED TO LOCATE INTERESTED AMERICAN COLLABORATOR WHO MAY BE ADVISED TO CONTACT MR. GUPTA AND OBTAIN FURTHER INFORMATION.  
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**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**To:** COM  
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